

AUDIT COMMITTEE

27th March, 2008

PRESENT - Councillor Baldwin (in the Chair); Councillors Johnson and Thistlethwaite and Mr. J. Morton. (4)

A34. DECLARATIONS OF INTEREST – There were no declarations of interest reported at the meeting.

A35. MINUTES – RESOLVED – That the Minutes of the meeting of this Committee held on 14th December, 2007, having been circulated, be taken as read and approved as a correct record.

A36. GRANTS AND RETURNS 2006/07 – The Director of Corporate Services submitted a report (previously circulated) together with a report (also previously circulated) of PricewaterhouseCoopers (PwC) summarising the high level results of their grants testing in 2007/08.

The submitted report outlined the background to the requirement for grant claims and returns to be subjected to external audit, and it was reported that, following the external audit work undertaken by PwC, a number of grant claims and returns made by the Council during the year had been either qualified or required amendment.

In presenting the report, Paul Harrison, Engagement Manager and Use of Resources Audit Manager from PwC, referred to the results of the certification work undertaken and reported that the results were a marked improvement on the previous year and that procedures had been put in place to ensure that the Council continued to build on those improvements.

He also reported that the reasons for qualification and amendment were minor and that, in the context of total claims of over £70 million, relating to complex grant conditions and regulations, it was unlikely that errors would be completely eliminated.

RESOLVED - That the report be noted.

A37. ANNUAL AUDIT AND INSPECTION LETTER – The Director of Corporate Services submitted a report (previously circulated), together with a copy of the Annual Audit and Inspection Letter.

It was reported that overall the Letter was extremely positive with the Audit Commission's overall judgement being that the Council was improving well and had been classified at the maximum four star in its current level of performance under the Comprehensive Performance Assessment.

A number of key messages for the Council were included in the Letter together with actions needed by the Council to continue its successful focus on areas of poorer service performance and to continue to improve its grant management arrangements.

In presenting the Letter, Paul Harrison from PwC emphasised the positive position portrayed.

RESOLVED – That the Audit and Inspection Letter be noted.

A38. AUDIT SERVICES ANNUAL AUDIT PLAN 2007/08 – PROGRESS REPORT – The Head of Corporate Assurance within the Corporate Services Department submitted a report (previously circulated) updating Members on the progress made during the first 11 months of the year against the 2007/08 Annual Audit Plan.

References were made to the outcome of the Audit Assignments undertaken; significant outputs from consultancy work undertaken; and results or year-end projections of the Audit Services' Performance Indicators.

Particular reference was made to the approval by Council of a revised Local Code of Corporate Governance; the proposed audit arrangements for the Darlington and Stockton Partnership; and the intention to carry forward into 2008/09, the audit of transport and the reasons for that.

RESOLVED – (a) That the progress against the 2007/08 Annual Audit Plan be noted and the proposed adjustment to the Plan, as outlined in paragraph 10 of the submitted report, be approved.

39. AUDIT SERVICE – TERMS OF REFERENCE – The Head of Corporate Assurance within the Corporate Services Department submitted a report (previously circulated) requesting that approval be given to the Audit Services' Terms of Reference (also previously circulated), which had been refreshed to reflect the replacement of the Statement of Internal Control by the Annual Governance Statement; the transfer of the financial appraisal of potential contractors function to the Procurement Unit; and the change in title of the Chief Internal Auditor to Head of Corporate Assurance.

It was reported that the Terms of Reference provided for an annual review to ensure their relevance was maintained and that approval was sought for any amendments.

RESOLVED – That the Audit Services' Terms of Reference, as appended to the submitted report, be approved.

A40. AUDIT SERVICES – ANNUAL AUDIT PLAN 2008/09 – The Head of Corporate Assurance within the Corporate Services Department submitted a report (previously circulated) together with the Audit Services' Audit Plan for 2008/09 and associated performance indicators (also previously circulated).

It was reported that progress against the Plan and performance measures would be reported to this Committee during the year. In addition, the Head of Corporate Assurance reported that following the implementation of the Darlington and Stockton Partnership in 2008/09, the audit of the Partnership services would be undertaken by Stockton Borough Council's Internal Audit Service and that the outcome of their activities would also be reported to this Committee during the year.

RESOLVED – (a) That the Audit Services' Audit Plan for 2008/09 be approved.

(b) That the performance indicators to monitor the effectiveness of the Council's internal control environment and the operational performance of the Audit Services, as appended to the submitted report, be noted.

(c) That the outcome from audit activities undertaken by Stockton Borough Council's Internal Audit in relation to the Darlington and Stockton Partnership Services be reported periodically during the year to this Committee.

(d) That training be provided to Members of this Committee on the issues it needs to be aware of in the operation of the Darlington and Stockton Partnership.